

CFMA Meeting
Meeting Notes
November 4, 2010
The Vault Meeting Room
Courtyard Marriott Hotel
San Diego, CA

Attendees: Greg Ahlstrom – Savannah River Nuclear Solutions, Mike Besancon - ANL, Katy Burnau - SRR, Charlotte Chang - SLAC, Mike Dallas - JLab, Suzanne Davidson - BNL, Jim Eakins - LANL, Sandra Fairchild - SRR, Jeffrey Fernandez - LBL, Rande Finkley - NSTec, Jeffrey Kallio - Sandia, Brian Morishita - INL, Al Moser - LLNL, Dennis Newby - ORNL, Ron Paige - INL, Patsy Pehrson - ORISE, Ron Ragland – Y12, Suzanne Rhodes - NSTec, Lori Zscherpel - SLAC

Not present: Cindy Conger - Fermi, Marty Conger – PNNL, Barbara Stokes - NREL

VIPERS/IC Interface Agreement With CFMA – Al Moser

DOE is in third phase of this project that includes transferring money from contractor to contractor. DOE requested CFMA to concur and sign the interface agreement. The agreement was resent to CFMA members, who were asked to respond by the following Wednesday if they had additional input or non-concurred.

[Update: Members concurred with interface agreement, which was signed by Al Moser on behalf of CFMA and sent to DOE]

Budget Atomization – Jeffrey Fernandez

The DOE CFO arranged a meeting with feds and lab CFOs for a “deep dive” on the issue of budget atomization, or the funding provided in progressively smaller buckets at each level in the process, or over time. LBNL led the contractors in collecting and analyzing data, measuring the number of funding controls points by program and contractor, and estimating the cost to the government of managing at these levels. The analysis was provided to the DOE CFO's office and additional discussions were held with program offices about the findings. Jeffrey Fernandez attended the meeting the following Wednesday. It was acknowledged that, regardless of the “bucket” size, the ability to distribute funding more quickly would improve the contractor's ability to conduct science. In addition, DOE CFO requirements to (1) track by preparation year and (2) report capital equipment separately, which are not congressionally mandated, create additional control points and slow funds distribution. Jeffrey Fernandez will forward to Brian the analysis, which he will forward to the members. Concern was expressed about going to a lower level B&R structure and re-categorization of costs that were already reported. Related to this is EPAT, which allows the entering of a national WBS. Training on how to use this system will be conducted

at various sites and labs. Suzanne Rhodes will forward the EPAT presentation to the members.

Recent Internal Audits - Al Moser. CFMA members engaged in a roundtable discussion on recent internal audit issues from their sites. CFMA decide to adopt this as a permanent agenda item in which members would share findings they believe would be relevant to the other members. No audit findings will be included in minutes or posted on the CFMA website.

A-123 Working Group Update and Entity Controls/Dean Childs

Kevin Fox from Brookhaven is leading the A-123 working group. A proposal was made to expand the scope of the working group to include working with Dean Childs on entity controls. We will publish who's on the current A-123 working group (All working groups can be found on CFMA website). Suzanne Davidson will check with Mark Israel and Kevin Fox regarding whether they agree to take on this new scope and then reach out to the CFMA members to see if anyone else wants to participate. CFMA will revisit this topic at the next meeting. We might want working group to distinguish between ARRA and non-ARRA funding. During various NNSA A-123 related audits, only 14 controlled deficiencies were found, 11 of which were at 1 site. Environmental liabilities were another concern that has been raised during A-123 audits.

EFCOG Charter – Kathy Vaselopoulos/Al Moser

Kathy Vaselopoulos, is the chairperson of the EFCOG Acquisition Management Working Group, effective the Tuesday after the meeting. Kathy is proposing to the EFCOG Board the creation of the Business Management Working Group (BMWG). BMWG would include finance, procurement, prime contract management, IT, project controls, requirements management, property, and record and document control. The charter of BMWG is to “promote the enhancement of business functions through partnering with the Department of Energy and the National Nuclear Security Administration.” Kathy invited CFMA to represent the finance arm of the group. CFMA would serve as the finance SME, and have access to the SMEs of the other EFCOG working groups. The members agreed to support the creation of the BMWG and represent the financial arm of the group. It was suggested having the BMWG meet just before the BPM, just as the Oracle User Group does, but the BMWG group will probably not be established in time for the April meeting.

NLCFO Update – Marty Conger

Institutional Cost Reporting – This effort, part of the management initiative on transparency, is entering phase 2, in which all contractors are invited to participate. Phase 2 data was requested by 11/15, in order to be incorporated into the 11/17 CFO Council meeting. Contractors not able to provide data by the deadline can still participate in the pilot by providing their data whenever it's ready. The project includes the breakout of overhead costs on a quarterly basis in various ways that have been requested by DOE. The method the NLDC is proposing is less costly to prepare than the original request by DOE, which

included the use of STARS for reporting. Most contractors reported that they could collect and report Institutional Costs cheaper than functional cost. As a result of this effort, the Functional Cost Report will probably be discontinued in FY11, with the exception of NNSA. The process allows for annual cross cuts of data in a select areas. DOE will roll this up for reporting purposes at the 2-digit B&R level. It is expected that DOE will require this information from all contractors starting the first quarter of FY11. Concern was expressed over reporting fee in this reporting and Marty took under advisement.

Retiree Medical Working Group – Retiree medical benefit costs can be as large as active employee medical costs for some contractors. An NLCFO working group seeking best practices for retiree medical benefits has prepared a draft report. Best practices include not making offers to new hires for post retirement medical benefits and for current retirees to have more costs shifted to retirees and putting a cap on what contractors contribute. This working group is trying hard to complete the report in time for NLCFO meeting.

A123/FMA – Marty is on a senior assessment team for A-123/FMA. DOE wants to evaluate new FMA tool for FY12 and beyond. DOE will continue to use the FMA tool for FY11.

Conference Management – Marty suggested that CFMA members estimate cost savings associated with improvements made to the Conference Management order and provide this data to DOE.

Alternative financing – A Department of Labor ruling at Y12 requires Davis-Bacon rules to apply for all third-party financed construction. Ingrid Kolb put together a group to research alternative financing, and alternatives to alternative financing. Her goal is to document the process and streamline it. Will wait and see where it goes. Adam Cohen can be contacted if you want to participate on the group or you can talk to one of the members.

Improper Payments – 100% review is not required, but if improper payment is detected by either by stat sample, it must be determined how much is to be recovered and reported.

OECM – Discussions continue with OECM on EVMS and total time reporting. OECM issuing a corrective action for not using total time reporting should be very rare, as total time reporting is a CFO issue, rather OECM. OECM will raise the issue to the CFO.

Analysis of Costs In Fringe/Payroll Burden - Jim Eakins

If a contractor has not provided their analysis to Jim please do so. Need clarification on the spreadsheet which contractor Savannah River is.

Contract Reform/Kansas City Contract Changes – Jim Eakins

Big gains (see file). Next piece of information needed are what orders were removed and the basis for the removal. We need to be careful in these efforts because it might evolve into greater oversight authority to site offices. Upon request, Sandia will send the analysis that they did to have some orders removed.

White Papers On Cost Of Doing Business - Jim Eakins

Three white papers being written. Everyone should look at the first two (drafts distributed) and respond to Jim. The first is on A/P Tolerances. The second relates to extrapolation of travel audit findings, which drives the wrong behavior. The response to this is to add staff whose costs may be greater than the savings generated from the increased accuracy. Jim asked everyone to review these papers and get back to him. The third paper is on FAR 31-205.3 (bad debt clause), which says if you have a bad debt it's unallowable. Draft is not available yet. The paper will attempt to make the case that this clause shouldn't apply to M&O contractors. If the M&O contractor is exercising due diligence, any uncollectible receivable should be DOE allowable cost. The first two papers will be presented to BMAC.

Conference Management Working Group Update – Laurie Wong

See presentation.

Indirect Budget Planning Update - Suzanne Rhodes

This is a risk prioritization process and the end product is to take all scope within indirect program, prioritize and start projecting rates. Presented to BMAC. LLNL will be visiting NSTec in January. Implementation facilitates indirect staff reduction.

BPM Agenda Discussion/Topics, Guest Speakers, etc. – Al Moser

Enough there on budgeting for the BPM. Have EFCOG on regular agenda. 04/12-04/15 is ok for BPM.

Next CFMA Meeting – Al Moser

Arrange a conference call. During this call think about pension and benefits and key speakers.

Membership Fees – Al Moser

A discussion was held on the request by the Princeton. The proposal was to pilot an exception to our charter for one year, revenue under \$200M would be allowed for this year for \$5000. The proposal was defeated by formal vote. Members cited the significant reduction in cost per site over the last two years, as membership has increased.

Future CFMA Meeting Agendas

Add tax laws and pension item changes as a standing agenda item.